

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF PENNSYLVANIA

IN RE: :  
: Case No. 23-10763  
:  
STREAM TV NETWORKS, INC. CH: 11 :  
: Philadelphia, Pennsylvania  
Status Conference : September 11, 2023  
: 10:34 a.m.  
. . . . .

BEFORE THE HONORABLE MAGDELINE D. COLEMAN  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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1 SEPTEMBER 11, 2023 10:34 A.M.

2 THE COURT: So that only leaves us with number two,  
3 which is the Stream TV Network and Technovative status  
4 conference. Counsel, for the movant please?

5 MR. CAPONI: Good morning, Your Honor. Steven Caponi  
6 from K&L Gates on behalf of the secured creditors. And I  
7 believe also on the line from K&L Gates are Tom Warns, W-A-R-N-  
8 S, and Jon Edel, E-D-E-L.

9 THE COURT: Okay. Who else is here?

10 MR. COLBY: Your Honor, Eben Colby from SeeCubic from  
11 Skadden representing SeeCubic.

12 THE COURT: Who else is with you, Mr. Colby?

13 MR. COLBY: Marley Brumme.

14 THE COURT: Okay. Who's here for the Debtors?

15 MR. ZAHRALDDIN: Your Honor, Rapheal Zahralddin from  
16 Lewis Brisbois on behalf of the Debtors. Good morning.

17 THE COURT: Good morning. Okay. Anybody else here?

18 MR. MICHAELS: Chris Michaels representing Rembrandt.

19 THE COURT: Anyone else?

20 MR. BAKER: Good morning, Your Honor. Frederic Baker  
21 on behalf of the United States Trustee.

22 THE COURT: Anyone else?

23 MR. DEMARCO: Yes, Your Honor. This is Andrew  
24 DeMarco from Devlin Law Firm representing Rembrandt.

25 THE COURT: Anyone else? All right. Mr. Caponi,

1 you requested a status conference, so you may proceed.

2 MR. CAPONI: Thank you, Your Honor. Your Honor, when  
3 we filed the letter, there really were three reasons we were  
4 seeking a conference. One, to try to obtain an earlier hearing  
5 date. Two, to decide how to allocate the time to set a firm  
6 conclusion to the hearing on the outstanding motions. And  
7 three, relief from stay. I think in light of Mr. Zahralddin's  
8 submission indicating that Mr. Rajan is in for medical  
9 procedures on the 13th or 14th, I think that takes that issue  
10 off the table. And I won't waste any more time on it other  
11 than to say we're unaware of Mister -- we were unaware of Mr.  
12 Rajan's medical situation where you filed the request. But if  
13 he's unavailable due to treatment, you know, that is what it is  
14 and we wish him all the best. And I think that issue is off  
15 the table.

16 Other than, I think, you know, it does raise some  
17 questions to whether or not he'll be available on the 22nd or  
18 25th. We had to ask for clarification on that but haven't yet  
19 gotten a response.

20 The two subjects that I think that are on the table  
21 and the primary one I think we can address today goes to  
22 putting a conclusion to these hearings. These motions have  
23 been pending for many months and the hearing itself has gone on  
24 for many months. And we're -- while the secure creditors  
25 weren't thrilled that the next available dates were the end of

1 September, we appreciate, you know, that is what it is. But we  
2 would like to make sure that they are in fact, you know, the  
3 final two days of this proceeding so that the Court can rule,  
4 and these motions can be adjudicated.

5           They're very important motions that go to the core in  
6 how this estate has operated. In our papers, Your Honor, our  
7 proposal is that the Court can inform the parties -- well, let  
8 me say this. I think up until now the Court has been extremely  
9 gracious with its time. Giving us, you know, time for the  
10 lawyers to present their case. But lawyers as they often  
11 analogize to goldfish we'll get as big as our bowl. So if it's  
12 up to the lawyers, this thing is never going to end. And  
13 that's why we're respectfully asking the Court to set the 25th  
14 as the end of it. And then if the Court can give us the amount  
15 of time that would be available.

16           All that's left is to finish my cross of Mr. Rajan,  
17 some redirect, and then the Rembrandt witness, who the Court  
18 has already limited the scope of that examination, and then  
19 closings. And we think that can all be done on the 22nd and  
20 the 25th. But if we don't have much time, I think we can then  
21 amongst the lawyers just whack it out. And, you know, it is --  
22 you get the amount of time that's left, not all the time you  
23 wish you had. And we think that, you know, given this -- how  
24 long it's taken to get to this point and how much witness  
25 testimony the Court has already had, this final last slug of

1 evidence, followed by argument, we'd like to see it conclude by  
2 the 25th.

3           So that's -- unless, you know, the Court has  
4 questions, that's what we're hoping to accomplish today on that  
5 point. And then the last point is just as we point out in our  
6 papers, given how long the process has taken, taking in the  
7 statutory requirements with regard to the motion for relief  
8 from stay, and the fact that the Debtors have now filed a  
9 motion to take the core issue of whether their secured debt and  
10 the amount of secured debt and who controlled Technovative and  
11 have that heard by someone other than Your Honor. The debate  
12 up until now has been we believe it should have gone back and  
13 should be concluded in front of the court of chancery where it  
14 started, and then come back to Your Honor for Your Honor to  
15 determine what affect Vice Chancellor Laster's determinations  
16 would have on the estate.

17           And that was -- the Debtor's position was, no, Your  
18 Honor should decide that. Well, now the Debtors are saying  
19 Your Honor should not decide that. It should be by the  
20 district court. And since the Debtor's now have walked away  
21 from their position that Your Honor should handle it, we think  
22 there's no reason that Your Honor doesn't grant that request  
23 and allow to go back to the Vice Chancellor and at least get on  
24 his calendar to conclude this one day trial. Again, then come  
25 back so then Your Honor can determine what impact it has, if

1 any, on the bankruptcy. I'll pause there, Your Honor.

2 THE COURT: Okay. And let me just ask a follow up  
3 question. I understand, if I recall correctly, that what was  
4 up before the Vice Chancellor Lasiter simply an issue of  
5 control over Technovative. I don't recall, and maybe I just  
6 don't recall at the moment because I don't recall a lot right  
7 now. Is that the amount of the amount that's owed or claimed,  
8 was that also going to be part of the 225 action or it was just  
9 to determine who was in control or who is the proper board?

10 MR. CAPONI: The fundamental legal question is who  
11 controls the board. The -- Stream's defense -- I'm trying to  
12 give a concise answer. It's who controls the board, but  
13 whether or not there's secured debt. If there's secured debt  
14 and there was a default, the secured debt has proxy rights to  
15 install the board. The Debtor's defense was this secured debt  
16 had been converted to equity. And therefore, it was no longer  
17 -- there was no longer any secured debt.

18 So the primary -- the only defense I should say, that  
19 would be primary defense. The only defense because the Court  
20 had already determined there were defaults, the only defense by  
21 the Debtor was that the debt had been converted. Therefore,  
22 there was no secure debt. So that's a factual issue the Court  
23 must resolve in order to resolve the ultimate legal issue of  
24 who controls the stock, and therefore able to appoint the board  
25 member.

1 THE COURT: Right. And so in doing so, that court  
2 would be required to determine whether in fact that's secured  
3 debt or whether in fact that is equity. And that number -- is  
4 the Court going to or do the parties anticipate the court  
5 simply saying there is a secured debt default or there is none  
6 in its equity? And when in saying there is secured debt, make  
7 a determination as to the amount?

8 MR. CAPONI: My -- I do not know what the Vice  
9 Chancellor ultimately will do. But the way the case was teed  
10 up for trial was that the Debtor had raised two to three  
11 buckets of payments that it claimed counted towards conversion.  
12 And we had argued that, no, those individual payments or  
13 buckets of money were not buckets that you could use to  
14 convert.

15 So I think the Court is going to either -- is going  
16 to determine whether each of those dollars could be used, the  
17 debtor identified could be used to support a conversion. So I  
18 think more likely than not, the Court is going -- the Court  
19 didn't in a vacuum say none of the debt was converted as of  
20 this date. And if not, the Court will end up saying what the  
21 amount I believe the conversion was, whether there was a dollar  
22 left or \$100, you know, \$100,000,000 left.

23 THE COURT: Right, okay. I understand. All right.  
24 I'm sorry. All right. So -- and you said Debtors are now  
25 requesting that the district determine what? The same issues



1 they are going --

2 MR. CAPONI: Yes, Your Honor. The Debtor filed a  
3 adversary action. And in the adversary complaint is arguing  
4 the same issue that the secured debt was converted, and it was  
5 -- so therefore, there is no secured debt. And it goes to  
6 their underlying claims of torts against Stream. So by seeking  
7 to withdraw the reference back to the district court, that  
8 issue would be resolved part and parcel of the adversary  
9 complaint.

10 THE COURT: And when was that filed? Let me just  
11 say, counsel. I don't see everything that's filed, and I don't  
12 look at it until I absolutely have to. So this complaint,  
13 while it may have been noted on the docket it was filed, it  
14 wouldn't have been something that I went and looked at. When  
15 was this filed?

16 MR. ZAHRALDDIN: Your Honor, we filed the complaint  
17 about two weeks ago.

18 THE COURT: Okay.

19 MR. ZAHRALDDIN: And the complaint, Your Honor,  
20 doesn't just -- it's not just this issue and it's explained in  
21 our response. As we all know, the district court has the  
22 original jurisdiction over all bankruptcy cases. And as we  
23 argued in our motion to withdraw the reference, which you may  
24 have not seen, when you have intertwined stocks --

25 THE COURT: No. I haven't seen it.

1 MR. ZAHRALDDIN: -- the stocks are kind of pulled  
2 together. You almost have to go up and let the district court  
3 make a determination. And we fully expect that the district  
4 court could easily come back and say we would like Judge  
5 Coleman to look at these issues because they're really court  
6 issues, and we'll hear the jury trial and/or the trade secret,  
7 and/or some of the other issues we put into the document.

8 But it's very difficult because of the structure of  
9 the takeover scheme to separate the two. And so, it it's  
10 disingenuous, I think, for anyone to say that we're just trying  
11 to go find another form. I think that Your Honor and I both  
12 know a bankruptcy judgment, bankruptcy practitioner, that if  
13 you have core and noncore issues, we have to send that up  
14 because it will end up with the bankruptcy administration  
15 problem. So it was not our intent to go look for another  
16 form. That's completely not the case.

17 THE COURT: Okay. And that is -- let's see,  
18 associated case is -- where's it at? Okay, that's 23-57?

19 MR. ZAHRALDDIN: Yes, ma'am.

20 THE COURT: Okay. Again --

21 MR. ZAHRALDDIN: I believe that's correct.

22 THE COURT: Oh, let's see. Barring -- fraudulent  
23 transfer or recovery of money, validity, party, extent of lien  
24 and injunctive relief. That's what the little nature of --  
25 says, okay. And you file a withdrawal of the reference on the

1 first. And apparently it's been assigned to someone in the --  
2 the Judge Marsden.

3 MR. ZAHRALDDIN: Yes. It's with Judge Marsden.

4 THE COURT: Okay. Again, I mean, I don't look at  
5 them unless I -- see, I don't look at everything that's filed.  
6 There's no reason I need to unless the parties have some issues  
7 that I need to address, okay. And apparently there's a  
8 stipulation by the parties for the deadline to respond that was  
9 filed on --

10 MR. ZAHRALDDIN: Yes, Your Honor. Yeah, I've  
11 extended until the 20th. You know, unfortunately, Mr. Rajan,  
12 because of his condition, is susceptible to any sort of virus  
13 or flu. He has a little bit of an immune deficiency issue  
14 right now. And when he caught the flu last week, he was taken  
15 into the hospital and his doctor safely took away his phone and  
16 his laptop and said you need to really rest up and we have to  
17 observe you. So I wasn't -- he wasn't released from the  
18 hospital until late Saturday, I think maybe even Sunday  
19 morning. That's the first time I got some messages back from  
20 him.

21 That's why I really was kind of in a holding pattern  
22 with some of these things. But I did indicate to all the  
23 parties who asked for an extension that I would grant it for  
24 the 20th. I needed to talk to Mr. Rajan. I'm going to talk to  
25 him again today and then figure out whether we give a further

1 extension on the answer deadline.

2 THE COURT: Well, let's talk about the deadlines here  
3 because that sort was in the outside issue. Mr. Caponi is  
4 asking that we have firm dates for completing the trial, at  
5 least with respect to the motion for relief -- the other  
6 issues. And if I recall, the motion to dismiss -- well,  
7 there's a couple issues. I don't think the authority issue --  
8 they're for Stream if I recall correctly, but only the issue of  
9 who's the board of directors for Technovative. And that's  
10 really sort of what is one of the driving factors with respect  
11 to that bankruptcy.

12 With respect to Stream, that's a different issue. I  
13 don't think it's the authority issue. It is in good faith and  
14 all of those other related issues. So I understand that, you  
15 know, we need to have the motion for relief to go back to the  
16 chancery court. That issue needs to be resolved. That motion  
17 needs to be resolved sooner rather than later.

18 Now, I think the parties had proposed that given the  
19 urgency of completing this, that it needs a, if I recall from  
20 Mr. Caponi, a letter that they were willing to do this by Zoom.  
21 And that should, absent some restrictions by Mr. Rajan's  
22 doctor, should at least address some issues about his immune,  
23 you know, if he's immune compromise, whether, you know, this  
24 could be done from his home via Zoom as opposed to coming into  
25 court. With that being said, the dates we presently have, I

1 think, are the 23rd and the 25th . And let me pull my calendar  
2 up because for whatever reason --

3 MR. CAPONI: I believe it's the 22nd, Your Honor, and  
4 the 25th, which is a Friday and a Monday.

5 THE CLERK: That's correct. And it's the 22nd --

6 THE COURT: Why do I have the 23rd? That's a  
7 Saturday.

8 THE CLERK: It's a Saturday, right.

9 THE COURT: I have no clue.

10 THE CLERK: The only problem --

11 THE COURT: I'm not -- I'm sorry, what?

12 THE CLERK: Judge, the only problem with the 24th  
13 begins Yom Kippur sundown. So I didn't know if the parties  
14 were available on the 25th.

15 THE COURT: Well, what days do we have them scheduled  
16 for right now?

17 THE CLERK: I have them definitely scheduled for the  
18 22nd, Judge.

19 THE COURT: That's it? I thought we had --

20 THE CLERK: That --

21 THE COURT: I don't know I thought we had two days.

22 THE CLERK: Well, I did say -- .

23 MR. CAPONI: Well, I thought we had -- Your Honor, I  
24 think you were right. I think you had the 25th originally, but  
25 then it was brought up that Yom Kippur was pretty close to that

1 day. And then for some reason I thought there was like a 28th  
2 or something, but I could be wrong about that.

3 THE COURT: I think at least from my part, there was  
4 -- for me, I was a little confused about -- and I suffered a  
5 severe concussion. I still have some lingering effects, so  
6 bear with me. I, for whatever reason, had different dates. I  
7 think it may have been that we talked about these different  
8 dates. And I wrote down in my notes, just to keep things  
9 straight, that I thought -- I don't know why I thought it was  
10 the 20 -- we had thought the 23rd, but that may have been  
11 something else we were talking about, Irene, not even in  
12 September.

13 But right now we only have the 22nd. What other  
14 dates do the parties have because we're going to need -- I  
15 would think based on what I recall was that we needed at least  
16 two full days to complete Mr. Rajan's testimony, to hear the  
17 one witness from Rembrandt, and for closing argument. That  
18 that should -- two full days should get us to there, to that  
19 end. So we're doing the 22nd. Have the parties discussed  
20 another date that we would -- a full day that we could have?

21 Well one, whether we can do this by Zoom. And two,  
22 what is the second date that the parties -- that would work for  
23 everybody?

24 MR. DEMARCO: Your Honor, we were not aware of a  
25 second date. Yeah, other than the 22nd, possibly the 25th, we

1 were not provided any other dates to consider that I'm aware  
2 of.

3 THE COURT: Okay. All right. Well, does the 25th  
4 work or is that going to be an issue?

5 MR. DEMARCO: That works for me, Your Honor.

6 THE COURT: Mr. Zahralddin --

7 MR. ZAHRALDDIN: I thought that was a -- when is Yom  
8 Kippur? I'm not practicing, but we have folks on our team that  
9 are.

10 THE CLERK: Counsel, this is Ilene. It's at sundown  
11 on the 24th, the Sunday it beings.

12 MR. ZAHRALDDIN: Right.

13 THE COURT: Well, it's usually on my calendar.

14 MR. ZAHRALDDIN: That means it's the 24th to the  
15 25th, right? So it knocks out the 25th for Mr. Fisher  
16 certainly and perhaps for Mr. David. I'm not -- I just know  
17 Mr. Fisher is the one who noticed it, and I believe he is  
18 practicing, so. That's why the 25th was an issue.

19 MR. CAPONI: Your Honor, I don't think neither Vince  
20 -- Mr. Vincent Alexander has been doing all the talking and I  
21 expect he's going to handle everything, if not practicing.  
22 Neither am I.

23 MR. ZAHRALDDIN: I understand that, Your Honor.  
24 Whenever there's a religious holiday, we try to respect that.  
25 But that's been part of that discussion before, so I'm open to

1 it. We'll try to work with that if it's an issue if there's  
2 not a lawyer.

3 THE COURT: Well, all right. Let's schedule the  
4 second day for the 25th of September at 10:30. You know what,  
5 let me check my calendar. I don't see anything. You know  
6 again, we've been having some of our own issues in terms of  
7 making sure our calendar is coordinated. Hold on. Okay, I  
8 have the 22nd. And on my calendar is yes, Yom Kippur. All  
9 right. And I don't have anything -- yeah, that works for me.  
10 The 25th is fine if that works for everybody.

11 MR. ZAHRALDDIN: We'll work around it, Your Honor.

12 THE COURT: All right. We will need to finish  
13 everything by the 25th. The only thing is we may have to take  
14 a break between like 2:45. That's a Monday, 2:45 to maybe  
15 3:30. Let's plan for -- I may have to make some arrangements  
16 around there, but let's plan for that being the break period on  
17 both the Friday the 22nd and Monday the 25th, 2:45 to about  
18 3:30. I will need -- we'll take that as lunch.

19 MR. ZAHRALDDIN: And we can do that live. Mr.  
20 Rajan's issue is not necessarily, at least at this point, that  
21 he can't make it in. It's just because of his medication and  
22 because of his procedures, he wanted to set those up so that he  
23 was rested, clear, lucid, and not suffering from side effects  
24 from the medication. So there's not an issue about doing it in  
25 person. I just think they prefer to do that in person as



1 opposed to Zoom.

2 THE COURT: Mr. Caponi?

3 MR. CAPONI: That's fine, Your Honor. As long as we  
4 have firm dates to end this and that's what I'm looking for.

5 THE COURT: All right. Well, what I would suggest is  
6 the parties try -- oh wait. What about -- anybody else want to  
7 have any comments that they want to put on the record with  
8 respect to timing? And I think that's the primary issue is  
9 timing and getting the hearing on the matters concluded.  
10 Anybody else have any thoughts or anything else they want to  
11 put on the record?

12 MR. DEMARCO: Your Honor, this Andrew DeMarco from  
13 Rembrandt. I just wanted to ensure that, you know, during this  
14 two day time Your Honor is granting Rembrandt the right to have  
15 its rebuttal witness. I just want to ensure that because  
16 Rembrandt can't control how the other two parties proceed with  
17 their cases, that just so long as we're allowed to put on our  
18 witness. I just want to make sure that that is included in the  
19 calculation, which I believe it has been based on what I've  
20 heard so far. But that's just the one thing I want to put on  
21 the record.

22 THE COURT: And that's what I think the parties need  
23 to figure out. They want this done and completed by the end of  
24 the day on the 25th, you're going to have to streamline what  
25 you do and try to allocate some time, or I may have to go and

1 say, okay. You get this much time. You get this, and you get  
2 that. But I don't know without the parties telling me. For  
3 instance, I have no idea how long Rembrandt needs the time for  
4 its witness would take. So what I would ask the parties to do  
5 is this. To discuss among themselves how much time you think,  
6 or you tell me and then I'll figure it out. And at the  
7 beginning say you get this much time. You get this much time.  
8 And you get this much time. And if it turns out that that  
9 doesn't work, I mean, I don't know what else to say.

10 MR. CAPONI: Your Honor, this is Steve Caponi. Now  
11 that we know what the dates are, I will convene with all  
12 counsel and I'm sure that we'll be able to work it out now that  
13 we know how big our fishbowl is. We'll allocate the time.

14 THE COURT: Right.

15 MR. CAPONI: And if there's a disagreement, we will  
16 let you know. Well, we should be able to figure it out.

17 MR. DEMARCO: I agree with Mr. Caponi. We'll figure  
18 that part out.

19 THE COURT: Okay. And with that --

20 MR. ZAHRALDDIN: Hopefully, Mr. DeMarco too since he  
21 obviously has a witness to deal with.

22 THE COURT: Okay. And the 240 -- 2:45 to 3:30, that  
23 was -- said that that was the time because I thought we were  
24 doing it by Zoom. So we may not -- if we're in court, we may  
25 not need that specific time because I will make other

1 arrangements and not have to leave during that time period.

2 Okay. Anything else that anybody else thinks that I  
3 need to hear with respect to these matters?

4 MR. ZAHRALDDIN: No, Your Honor. Not from the  
5 Debtor.

6 THE COURT: That was the status for today. I'm sure  
7 there are lots of other things, but only on the status for  
8 today.

9 MR. ZAHRALDDIN: Yes, ma'am. That's all for the  
10 Debtor unless Mr. Caponi has another issue to discuss for this.

11 MR. CAPONI: No, Your Honor. I think we've covered  
12 everything and appreciate your time and hope you're feeling  
13 better. I know that concussion is a tough thing. Thank you.

14 THE COURT: Thanks. Have a good day. That concludes  
15 the matters that are scheduled before the Court today. Court  
16 is adjourned until tomorrow at 10:30. Thank you.

17 [Proceedings adjourned at 11:01 a.m.]

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C E R T I F I C A T E

I hereby certify that the foregoing is a true and correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

*John Buckley*  
John Buckley, CET-623  
Digital Court Proofreader